

**TOWN OF FORDOCHE, LOUISIANA**

**Annual Financial Report**

**For the Year Ended December 31, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/6/11

**THOMAS, WILSON, RAGUSA, UFFMAN & CO.**

**CERTIFIED PUBLIC ACCOUNTANTS  
BATON ROUGE, LOUISIANA**

**TOWN OF FORDOCHE POINTE COUPEE PARISH, LOUISIANA**

**P. O. BOX 10**

**FORDOCHE, LA 70732**

**(225) 637-3112**

**MAYOR**

**Justin K. Cox**

**COUNCIL**

**Teddy Gros**

**Corey Gueho**

**Don Sonnier**

**Randy St. Romain**

**Scott Wright**

**[Term of Mayor & Council is from January 1, 2007 to December 31, 2010]**

**LEGAL COUNSEL**

**Stephen H. Marionneaux**

**TOWN CLERK**

**Lisa Cormier**

**CHIEF OF POLICE**

**Fred Gueho**

**MEETING DATE**

**2nd Tuesday of Every Month**

**6:30 PM - Town Hall**

**TOWN OF FORDOCHE, LOUISIANA  
FOR THE YEAR ENDED DECEMBER 31, 2009  
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report .....	1
Required Supplementary Information	
Management's Discussion and Analysis .....	3
Basic Financial Statements	
Government-Wide Financial Statements –	
Statement of Net Assets .....	10
Statement of Activities .....	11
Fund Financial Statements -	
Balance Sheet - Governmental Funds .....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances-	
Governmental Funds .....	13
Statement of Net Assets - Proprietary Fund .....	14
Statement of Revenues, Expenses, and Changes in Fund Net Assets-	
Proprietary Fund .....	15
Statement of Cash Flows - Proprietary Fund .....	16
Notes to Basic Financial Statements .....	17
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund.....	28
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	30
Schedule of Findings and Responses .....	33
Resolution of Prior Year Audit Findings .....	34
Management's Corrective Action Plan .....	35

**THOMAS, WILSON, RAGUSA, UFFMAN & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

The Honorable Justin K. Cox, Mayor  
and Members of the Town Council  
Town of Fordoche, Louisiana

We have audited the accompanying financial statements of the governmental activities and business-type activities of the Town of Fordoche, Louisiana as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Fordoche, Louisiana's, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the business-type activities of the Town of Fordoche, Louisiana, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2010, on our consideration of the Town of Fordoche, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Thomas, Wilson, Ragusa, Uffman & Co. CPAs*

October 1, 2010

## **REQUIRED SUPPLEMENTAL INFORMATION**

### *Management's Discussion and Analysis*

This narrative report has been prepared in an easy-to-read format by management. It provides an analytical overview of the Town's financial activities for the year based on currently known facts and management's knowledge of the transactions, events, and conditions reflected in the financial report and the fiscal policies that control the Town's operations.

*Town of Fordoche, Louisiana*  
*Management's Discussion and Analysis December 31,*  
*2009*

## INTRODUCTION

This annual report consists of -

- Our independent auditor's report on the financial statements in which they rendered an unqualified opinion.
- Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.
- The basic financial statements which consist of government-wide financial statements, governmental fund financial statements, and the notes to those financial statements.
- The comparison of actual operations for the year compared to the budget.
- Our independent auditor's report on the Town's compliance with laws and regulations and how management applied internal controls over its financial operations. The result of his tests and observations did not indicate any violations that he considered to be in noncompliance or conditions that required to be disclosed that could affect our operations.

## Management's Discussion and Analysis

As management of the Town of Fordoche, Louisiana, we are pleased to provide an overview of our financial activities for the year ended December 31, 2009. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last year's audited financial report.

## Financial Highlights

- The Town's net assets increased by \$50,616 from \$1,526,658 in 2008 to \$1,577,274 in 2009
- Governmental revenues increased from \$183,084 in 2008 to \$295,397 in 2009
- Utility operating revenues increased from \$81,877 in 2008 to \$105,978 in 2009
- Cash increased by \$16,994 for the year ended December 31, 2009

## Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements which are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) other required supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

The Town's Government-Wide Financial Statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The Government-Wide Financial Statements, presented on pages 10 and 11, are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the Statement of Net Assets and the Statement of Activities, the Town is divided into two kinds of activities:

**Governmental activities** - Most of the Town's basic services are reported here, including police and fire protection, roads/street and drainage, debt service and general administration. Sales taxes, franchise fees, occupational licenses, and federal and state grants finance most of these activities.

**Business-type activities** - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's public utility systems (natural gas, water, and sewer) are reported here.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements of using certain taxes, grants, and other money. The Town's two kinds of funds - governmental and proprietary - use different accounting approaches.

**Governmental Funds** - Governmental funds, presented on pages 12 and 13, focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Most of the Town's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

**Proprietary Fund** - When the Town charges customers for the services it provides - whether to outside customers or to other units of the Town - these services are generally reported in proprietary funds and are presented on pages 14 through 16. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash-flows, for proprietary funds.

## Notes to the Financial Statements

The notes, presented on pages 17 through 27, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary control on page 28.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. At the end of the most recent year, the assets of the Town exceeded its liabilities by \$1,577,274.

The Town's total assets are composed of \$98,875 (6.20%) in cash and receivables and \$1,495,775 (93.80%) in investment in capital assets (land, buildings, utility systems, vehicles and equipment, etc.). The Town uses these capital assets to provide various services to residents and businesses in the incorporated area, these assets are not available for future spending.

The Town has \$81,499 to be used in future operations and acquisition of new capital assets that will improve the operations of the Town.

### Statement of Net Assets

	Governmental Activities	Business-type Activities	Total 2009	Total 2008	% Change
Current and other assets	\$ 77,820	\$ 21,055	\$ 98,875	\$ 241,536	-59.06%
Capital assets	428,849	1,066,926	1,495,775	1,457,222	2.65%
Total assets	506,669	1,087,981	1,594,650	1,698,758	-6.13%
Current and other liabilities	5,079	12,297	17,376	172,699	-89.94%
Noncurrent liabilities	0	0	0	0	
Total liabilities	5,079	12,297	17,376	172,699	-89.94%
Net assets -					
Invested In capital assets, net of related debt	428,849	1,066,926	1,495,775	1,303,605	14.74%
Restricted	0	0	0	0	
Unrestricted	72,741	18,444	81,499	222,454	-63.36%
Total net assets	\$ 501,590	\$ 1,075,684	\$ 1,577,274	\$ 1,526,059	3.36%

The Town's total revenues decreased by \$509,226 from \$911,946 in 2008 to \$402,720 in 2009. In 2008, the Town received \$634,778 in grants but in 2009, the Town received \$131,874. This is a decrease of \$502,904; therefore, the Town generated \$6,322 less in revenues from the prior year.

Total expenses increased by \$80,614 from \$271,490 in 2008 to \$352,104 in 2009. Depreciation expense increased a total of \$64,124; therefore, operating expenses decreased \$16,490.



## Changes in Net Assets

	Governmental Activities	Business-type Activities	Total 2009	Total 2008	% Change
<b>Revenues:</b>					
Program revenues -					
Charges for services	\$ 60,488	\$ 105,978	\$ 166,466	\$ 154,970	7.42%
Operating grants and contributions	57,306		57,306	0	
Capital grants and contributions	73,500	1,068	74,568	634,178	-88.25%
General revenues -					
Property taxes	33,590		33,590	31,171	7.76%
Sales taxes	32,906		32,906	37,001	-11.07%
Franchise taxes	22,400		22,400	22,110	1.31%
Intergovernmental	11,267		11,267	11,955	-5.75%
Other general revenues	3,941	276	4,217	19,961	-78.47%
Transfers	0	0	0	0	
Total revenues	295,398	117,322	402,720	911,946	-55.84%
<b>Functions/Program expenses -</b>					
General government	91,303		91,303	81,605	11.88%
Public safety	42,631		42,631	35,871	18.85%
Emergency preparedness	168		168	2,978	-94.36%
Streets	39,149		39,149	48,785	-19.75%
Health and welfare	464		464	69	-33.04%
Community center and recreation	19,693		19,693	10,448	88.49%
Utility operations		158,696	158,696	91,110	74.18%
Total expenses	193,408	158,696	352,104	271,490	29.69%
Increase (Decrease) in net assets	\$ 101,990	\$ (51,374)	\$ 50,616	\$ 640,456	-92.10%
Beginning net assets (restated)	399,600	1,127,058	1,526,658	885,603	72.39%
Ending net assets	\$ 501,590	\$ 1,075,684	\$ 1,577,274	\$ 1,526,059	3.36%

## Governmental Fund Financial Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

Revenues	FYE 2009 Amount	Percent of Total	FYE 2008 Amount	Increase (Decrease) from FYE 2008	Percent Increase (Decrease)
Taxes	\$ 88,895	30.09%	\$ 90,282	\$ (1,387)	-1.54%
Intergovernmental	142,073	48.10%	12,808	129,265	1009.25%
Charges for services	30,832	10.44%	43,956	(13,124)	-29.86%
Fines and forfeitures	11,081	3.75%	11,416	(335)	-2.93%
Licenses and permits	18,574	6.29%	17,721	853	4.81%
Interest	388	0.13%	604	(216)	-35.76%
Miscellaneous	3,554	1.20%	6,297	(2,743)	-43.56%
Total Revenues	\$ 295,397	100.00%	\$ 183,084	\$ 112,313	61.35%

Expenditures	FYE 2009 Amount	Percent of Total	FYE 2008 Amount	Increase (Decrease) from FYE 2008	Percent Increase (Decrease)
General government	\$ 87,374	32.24%	\$ 81,322	\$ 6,052	7.44%
Police	38,368	14.16%	35,663	2,705	7.58%
Emergency preparedness	0	0.00%	2,978	(2,978)	100.00%
Street	31,950	11.79%	48,305	(16,355)	33.86%
Health and welfare	464	0.17%	693	(229)	33.04%
Community center/recreation	8,846	3.26%	9,660	(814)	8.43%
Capital outlay	103,992	38.38%	18,208	85,784	471.13%
Total Expenditures	\$ 270,994	100.00%	\$ 196,829	\$ 74,165	37.68%

### Budgetary Highlights

The Town's annual operating budgets are the legally adopted expenditure control documents of the Town. These operating budgets were very conservative and during the year, the operating budgets were amended once. Amending the budget is a customary practice to reflect changes that occur with financially related matters throughout the year.

The General Fund budgeted revenues were amended for major increases in sales tax revenues, for grants received from the State of Louisiana, reimbursements from FEMA for Hurricane Gustav, and revenues generated from the annual fair and festival. Current expenditures were increased for expenses associated with the fair and festival. Capital Outlays were amended for acquisition of buildings, vehicles, and equipment purchased with grant and reimbursement revenues.

A budgetary comparison statement for the General Fund is required and can be found on page 28. This statement compares the original adopted budget, the final amended budget, and the actual expenditures prepared on a budgetary basis which was prepared on the modified accrual basis of accounting.

The Proprietary - Public Utility Fund operating expenses were amended for the cost to repair the water well and grant revenues received for a new water well.

### Capital Assets

At December 31, 2009 and 2008, the Town had \$2,366,320 and \$2,370,235, respectively, invested in a broad range of capital assets, including land, buildings, utility systems, vehicles, and equipment.

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ 51,500	\$ 51,500			\$ 51,500	\$ 51,500
Buildings	262,675	242,558			262,675	242,558
Vehicles	41,335	0			41,335	0
Machinery & equipment	69,918	51,637	\$ 12,730	\$ 18,487	82,648	70,124
Office furniture & equipment	3,421	5,568	37	162	3,458	5,730
Utility property			1,054,159	1,087,913	1,054,159	1,087,913
Totals	\$ 428,849	\$ 351,263	\$ 1,066,926	\$ 1,106,562	\$ 1,495,775	\$ 1,457,825

The Town received \$131,874 in state grants and reimbursements which was used for the following:

- \$ 26,295.28 - Concession stand and equipment at community center
- \$ 9,519.60- New chain link fence
- \$ 12,293.92-vGenerator for town hall
- \$ 2,031.77- HAM radio for emergency preparedness in cases of disasters
- \$ 28,288.00- New police car and equipment
- \$ 25,562.65- New utility truck
- \$ 19,169.82 - Control panel and switch
- \$ 8,713.00 - other capital assets

Further detail on capital assets is presented in Note 3 on page 23.

## Economic Factors and Next Year's Budgets and Rates

Taxes, shared revenues, and licenses/permits decreased \$1,222 or 1.02% which is an indication that the economic base of the Town has remained constant. This factor will make it extremely difficult for the Town to continue the same level of services without some new revenue source.

The following is a summary of the tax assessment rolls since 1990:

Year	Mills Levied	Assessed Value	Homestead Exemption	Tax to be Paid by Owner	Tax to be Paid by State	Total Tax
1990	7.42	\$ 1,119,932		\$ 8,310		\$ 8,310
1991	7.00	1,159,133		8,114		8,114
1992	6.68	1,230,330		8,219		8,219
1993	13.68	1,256,344		17,187		17,187
1994	14.08	1,296,809		18,259		18,259
1995	14.08	1,335,392		18,802		18,802
1996	13.05	1,497,390		19,542		19,542
1997	13.05	1,525,691		19,911		19,911
1998	13.05	1,573,420		20,534		20,534
1999	13.05	1,711,392		22,334		22,334
2000	12.44	1,885,429		23,455		23,455
2001	12.44	2,022,382		25,158		25,158
2002	12.44	2,100,805		26,134		26,134
2003	13.25	2,225,310		29,487		29,487
2004	12.34	2,454,730		30,292		30,292
2005	12.34	2,500,810		30,860		30,860
2006	12.34	2,570,460		31,720		31,720
2007	12.34	2,600,050		32,085		32,085
2008	11.54	2,808,682		32,412		32,412
2009	11.54	2,906,975		33,547		33,547

The water system shows the same trend where there was only a 2 customer increase this past year. The total number of customers at December 31, 2009 was 424 compare to 422 the year before. In 2009, water rates were increased generating an additional \$24,172 in revenues which helped to offset the increase in operating expenses excluding depreciation of \$31,774.

## Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Cormier, Town Clerk at 5390 Fordoche Road, Fordoche, LA (225) 637-3112, fax (225) 637-2899.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements
  - Governmental funds
  - Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWN OF FORDOCHE, LOUISIANA  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2009

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 35,090	\$ 19,859	\$ 54,949
Receivables -			
Ad Valorem Taxes	28,115	-	28,115
Sales Taxes	1,477	-	1,477
Franchise Tax	6,171	-	6,171
Utility Customers	-	1,196	1,196
Due from Other Fund	3,729	-	3,729
Due from Other Government Agencies	3,238	-	3,238
Total Current Assets	<u>77,820</u>	<u>21,055</u>	<u>98,875</u>
Noncurrent Assets:			
Capital Assets (net)	428,849	1,066,926	1,495,775
Total Noncurrent Assets	<u>428,849</u>	<u>1,066,926</u>	<u>1,495,775</u>
Total Assets	<u>506,669</u>	<u>1,087,981</u>	<u>1,594,650</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	4,254	4,640	8,894
Accrued Payroll Liabilities	825	1,114	1,939
Due to Other Fund	-	3,729	3,729
Deferred Revenues	-	2,814	2,814
Total Current Liabilities	<u>5,079</u>	<u>12,297</u>	<u>17,376</u>
Total Liabilities	<u>5,079</u>	<u>12,297</u>	<u>17,376</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	428,849	1,066,926	1,495,775
Unrestricted - Undesignated	<u>72,741</u>	<u>8,758</u>	<u>81,499</u>
Total Net Assets	<u>\$ 501,590</u>	<u>\$ 1,075,684</u>	<u>\$ 1,577,274</u>

See accompanying notes to the basic financial statements.

TOWN OF FORDOCHE, LOUISIANA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expenses) and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities
<b>Governmental Activities:</b>						
General Government	\$ 91,303	\$ 18,762	\$ 57,306	\$ -	\$ (15,235)	\$ -
Police	42,631	12,381	-	28,288	(1,962)	-
Emergency Preparedness	168	-	-	-	(168)	-
Streets and Drainage	39,149	3,890	-	25,563	(9,696)	-
Health and Welfare	464	-	-	-	(464)	-
Community Center and Recreation	19,693	25,455	-	19,649	25,411	-
Total Governmental Activities	193,408	60,488	57,306	73,500	(2,114)	-
<b>Business-Type Activities:</b>						
Water	158,696	105,978	-	1,068	-	(51,650)
Total	\$ 352,104	\$ 166,466	\$ 57,306	\$ 74,568	(2,114)	(53,764)
<b>General Revenues:</b>						
Taxes						
Property Taxes					33,590	-
Sales and Use Taxes					32,906	-
Franchise Taxes					22,400	-
Intergovernmental					11,267	-
Investment Income					388	276
Miscellaneous					3,553	-
Total General Revenues					104,104	276
Change in Net Assets					101,990	(51,374)
Net Assets - Beginning, Restated					399,600	1,127,058
Net Assets - Ending					\$ 501,590	\$ 1,075,684
						\$ 1,577,274

See accompanying notes to the basic financial statements.

TOWN OF FORDOCHE, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009

	General Fund	Total Governmental Funds
<u>ASSETS</u>		
Cash	\$ 35,090	\$ 35,090
Due from Other Funds	3,729	3,729
Receivables -		-
Ad Valorem Taxes	28,115	28,115
Sales Taxes	1,477	1,477
Franchise Taxes	6,171	6,171
Due from State Agencies		-
Beer Taxes	27	27
Video Poker	1,261	1,261
Grass Cutting Contract	1,950	1,950
Total Assets	<u>77,820</u>	<u>77,820</u>
<u>LIABILITIES</u>		
Accounts Payable	4,254	4,254
Accrued Payroll Liabilities	825	825
Total Liabilities	<u>5,079</u>	<u>5,079</u>
<u>FUND BALANCE</u>		
Unreserved, Reported in:		-
General Fund	72,741	72,741
Total Fund Balances	<u>72,741</u>	<u>72,741</u>
Total Liabilities and Fund Balances	<u>\$ 77,820</u>	
Amounts reported for governmental activities in the statements of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (net of accumulated depreciation of \$152,329).		<u>428,849</u>
Net Assets of Governmental Activities		<u>\$ 501,590</u>

See accompanying notes to the basic financial statements.

**THOMAS, WILSON, RAGUSA, UFFMAN & CO.**

TOWN OF FORDOCHE, LOUISIANA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2009

	General Fund	Total Governmental Funds
<b>REVENUES</b>		
Taxes	\$ 88,895	\$ 88,895
Intergovernmental	142,073	142,073
Charges for Services	30,832	30,832
Fines and Forfeitures	11,081	11,081
Licenses and Permits	18,574	18,574
Investment Income	388	388
Miscellaneous	3,554	3,554
Total Revenues	<u>295,397</u>	<u>295,397</u>
<b>EXPENDITURES</b>		
Current:		
General Government	87,374	87,374
Police	38,368	38,368
Emergency Preparedness	-	-
Streets and Drainage	31,950	31,950
Health and Welfare	464	464
Community Center and Recreation	8,846	8,846
Capital Outlays:		
General Government	12,294	12,294
Police	28,288	28,288
Emergency Preparedness	2,032	2,032
Streets and Drainage	25,563	25,563
Community Center and Recreation	35,815	35,815
Total Expenditures	<u>270,994</u>	<u>270,994</u>
Excess Revenues (Expenditures)	24,403	24,403
Transfers from Water System	-	-
Net Changes in Net Assets	24,403	24,403
Fund Balances - Beginning	48,338	48,338
Net Changes - Ending	<u>\$ 72,741</u>	<u>\$ 72,741</u>
Reconciliation of the change in fund balances - total governmental funds to the change in net assets of governmental activities:		
Net change in fund balances - total governmental funds		\$ 24,403
Amounts reported for governmental activities in the statement of activities are different because:		
Capital asset purchases capitalized		103,992
Depreciation		<u>(26,405)</u>
Change in net assets of governmental activities		<u>\$ 101,990</u>

See accompanying notes to the basic financial statements.

**THOMAS, WILSON, RAGUSA, UFFMAN & CO.**



TOWN OF FORDOCHE, LOUISIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
DECEMBER 31, 2009

Public Utility  
Enterprise  
Fund

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ASSETS

Current Assets:

Cash	\$ 19,859
Accounts Receivable, net of allowance of \$2,419	<u>1,196</u>
Total Current Assets	<u>21,055</u>

Noncurrent Assets:

Capital Assets (net)	<u>1,066,926</u>
Total Noncurrent Assets	<u>1,066,926</u>

Total Assets	<u>1,087,981</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	4,640
Accrued Payroll Liabilities and Deductions	1,114
Due to Other Fund	3,729
Deferred Revenues	<u>2,814</u>

Total Current Liabilities	<u>12,297</u>
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Total Liabilities	<u>12,297</u>
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NET ASSETS

Invested in Capital Assets, net of related debt	1,066,926
Unrestricted	<u>8,758</u>
Total Net Assets	<u><u>\$ 1,075,684</u></u>

See accompanying notes to the basic financial statements.

TOWN OF FORDOCHE, LOUISIANA  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUND  
 YEAR ENDED DECEMBER 31, 2009

	Public Utility Enterprise Fund
Operating Revenues	
Charges for Services -	
Water Charges	\$ 102,510
Penalties	2,743
Miscellaneous	725
Total Charges for Services	<u>105,978</u>
Total Operating Revenues	<u>105,978</u>
Operating Expenses	
General and Administrative	35,205
Water Expenses	<u>123,491</u>
Total Operating Expenses	<u>158,696</u>
Net Operating Loss	<u>(52,718)</u>
Nonoperating Revenue	
Interest Earned	276
Grant - State of Louisiana	<u>1,068</u>
Total Nonoperating Revenue	<u>1,344</u>
Net Loss	(51,374)
Net Assets - Beginning	<u>1,127,058</u>
Net Assets - Ending	<u>\$ 1,075,684</u>

See accompanying notes to the basic financial statements.

TOWN OF FORDOCHE, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2009

	Public Utility Enterprise Fund
Cash Flows from Operating Activities	
Receipts from Customers	\$ 105,536
Payments to Suppliers	(46,155)
Payments to Employees and Benefits	(72,420)
Net Cash (Used) by Operating Activities	<u>(13,039)</u>
Cash Flows from Non-Capital Financing Activities	
Increase in Amount Due General Fund	3,729
Net Cash Provided by Non-Capital Financing Activities	<u>3,729</u>
Cash Flows from Capital and Related Financing Activities	
Grant - State of Louisiana	155,752
Purchase of Capital Assets	(154,850)
Net Cash Provided by Capital and Related Financing Activities	<u>902</u>
Cash Flows from Investing Activities	
Interest Earned	276
Net Cash Provided by Investing Activities	<u>276</u>
Net (Decrease) in Cash	(8,132)
Balances - Beginning of Year	27,991
Balances - End of Year	<u>\$ 19,859</u>
Reconciliation of Net Operating Loss to Net Cash (Used) by Operating Activities:	
Net Operating Loss	\$ (52,718)
Adjustments to Reconcile Net Operating Loss to Net Cash (Used) by Operating Activities	
Cash Flows Reported in Other Categories	
Depreciation Expense	40,867
Changes in Assets and Liabilities	
Accounts Receivable	1,656
Accounts Payable and Accrued liabilities	(746)
Deferred Revenues	(2,098)
Net Cash (Used) by Operating Activities	<u>\$ (13,039)</u>

See accompanying notes to the basic financial statements.

**THOMAS, WILSON, RAGUSA, UFFMAN & CO.**

TOWN OF FORDOCHE, LA

NOTES TO BASIC FINANCIAL STATEMENTS

INDEX

Summary of Significant Accounting Policies .....	18
Reporting Entity .....	18
Other Organizations .....	18
Government-wide and Fund Financial Statements .....	19
Measurement Focus, Basis of Accounting, and Financial Statement Presentation .....	19
Budgets .....	20
Accounting Estimates .....	20
Property Taxes .....	20
Cash, Cash Equivalents, and Investments .....	21
Accounts Receivable and Bad Debts .....	21
Inventories .....	21
Capital Assets .....	21
Compensated Absences .....	22
Fund Equity and Net Assets .....	22
Sales and Use Tax .....	22
Cash and Cash Equivalents .....	22
Capital Assets .....	23
Levied Taxes .....	24
Sales Tax and Centralized Collection Agency Agreement .....	25
Franchise Agreements .....	25
Pension Plan and Retirement Commitments .....	26
Contingent Liabilities .....	26
Risk Management .....	27
Subsequent Events .....	27
Compensation Paid to Board Members .....	27

TOWN OF FORDOCHE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Town of Fordoche, Louisiana (the "Town") was incorporated on May 10, 1961, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The Town operates under a Mayor-Board of Aldermen Council form of government and, as permitted under the Act, provides police protection, streets and drainage maintenance, public improvements, water, and general administration. The Mayor and five Council Members are elected at large to serve four year terms from January 1, 2007 to December 31, 2010. The Mayor is entitled to a per diem of \$500 per month and each Council Member \$50 for each meeting attended. The Town of Fordoche is located in Pointe Coupee Parish with a geographic area of approximately six square miles. The estimated population is 1,036. The Town employs three full-time employees. The Town serves 424 water customers, and maintains 10 miles of streets.

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity". Under provision of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification, Section 2100 has been considered and as a result, the financial statements only include the primary government.

**Other Organizations**

The municipality may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as (a) related organizations, (b) joint ventures and jointly governed organizations, and (c) component units of another government with characteristics of a joint venture or jointly governed organization.

Considered in the determination of component units of the reporting entity were the Pointe Coupee Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for the 18<sup>th</sup> Judicial District. It was determined that these governmental entities are not component units of the Town of Fordoche reporting entity because they have separately elected government bodies, are legally separate, and fiscally independent of the Town of Fordoche.

Also, excluded from the reporting entity:

**Fire Protection District No. 4 of the Parish of Pointe Coupee, Louisiana**

This potential component unit has a separate board appointed jointly by the area governments' governing bodies. It provides services to residents within the geographic boundaries of the government and other areas adjacent to it. This unit is excluded from the reporting entity because the government does not have the ability to exercise influence or control over its daily operations, approve budgets or provide funding.

TOWN OF FORDOCHE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town's net assets are reported in two parts - invested in capital assets, net of related debt; and unrestricted net assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when a payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental fund:

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The Public Utility Fund accounts for the operations of providing water services to the residents and business establishments of the Town.

TOWN OF FORDOCHE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise fund, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this rule are charges between the Town and the Town's water functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Budgets**

The Town uses the following budget practices:

- Budgets are prepared for the General Fund and Enterprise Fund on the GMP Basis and appropriations (unexpended budget balances) lapse at year end.
- A notice of the proposed operating budgets is published and since the budget for the General Fund is less than \$250,000, the Town is required to hold at least one public hearing. Publication of the budget was made after adoption.
- Budgetary control is exercised at the line item level.
- During the year, monthly budgetary comparison statements are used as a management tool to control operations. When necessary, the Board adopts budget amendments which are included in minutes published in the official journal.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Property Taxes**

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 1 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year by the parish tax collector.

TOWN OF FORDOCHE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash, Cash Equivalents, and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

State statutes authorize the Town of Fordoche, Louisiana to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value.

**Accounts Receivable and Bad Debts**

The Town uses the direct charge-off method whereby uncollectible amounts due from ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

In the Proprietary utilities fund uncollectible amounts due for customers' utility receivable are recognized as bad debts through the establishment of an allowance account. The allowance is set as the amount owed on closed accounts. The Board reviews all requests for receivable adjustments at their monthly meetings.

**Inventories**

Inventories for supplies are immaterial and are recorded as expenditures when purchased.

**Capital Assets**

Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and enterprise fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Purchased and constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on specific project related debt, during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. During the current year, the Town did not have any projects that required capitalization of interest.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 - 40 Years
Water System	40 Years
Tractors and Equipment	5 - 10 Years
Furniture and Office Equipment	3 - 10 Year
Vehicles	5 - 6 Years

Capital asset acquisitions are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.



TOWN OF FORDOCHE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability. At December 31, 2009, there are no accumulated unpaid vacation and sick leave to be accrued in the financial statements.

**Fund Equity and Net Assets**

In the government-wide and proprietary fund financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category groups all assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Unrestricted - Undesignated Net Assets - This category represents the net assets of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, fund balances of governmental funds are classified in one category.

Unreserved fund balance - indicates that portion of fund equity which is available for appropriation and expenditure in future periods. A deficit will require future funding.

**Sales and Use Tax**

The Town has a one percent sales and use tax approved by the voters, for an indefinite period. The tax, after all necessary costs for collection and administration, is available for general purposes.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents at December 31, 2009:

Petty cash	\$ 200
Interest-bearing demand deposits	<u>54,749</u>
Total	<u>\$ 54,949</u>

These deposits are stated at cost, which approximates market. Under state statutes, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

At December 31, 2009, the Town has \$57,917 in deposits (collected bank balances). The difference from the year end current values and the bank balances is primarily due to outstanding checks. All of these bank balances at year end were are secured from risk by \$250,000 federal deposit insurance.

**TOWN OF FORDOCHE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 3: CAPITAL ASSETS**

Capital asset activities for the year ended December 31, 2009:

**Governmental Activities**

	1/1/2009	Increases	Decreases	12/31/2009
<b>Non-depreciable assets:</b>				
Land	\$ 51,500			\$ 51,500
<b>Depreciable assets:</b>				
Buildings and improvements	314,779	30,494		345,273
Vehicles and equipment	29,062	44,463	(29,062)	44,483
Tractors and equipment	53,540			53,540
Furniture and office equipment	19,415			19,415
Other equipment	37,953	29,014		66,967
Total other capital assets at historical cost	454,749	103,991	(29,062)	529,678
<b>Less: Accumulated depreciation for -</b>				
Buildings and improvements	(72,221)	(10,377)		(82,598)
Vehicles and equipment	(29,062)	(3,148)	29,062	(3,148)
Tractors and equipment	(25,927)	(5,440)		(31,367)
Furniture and office equipment	(113,847)	(2,147)		(115,994)
Other equipment	(13,929)	(5,293)		(19,222)
Total accumulated depreciation	(154,986)	(26,405)	29,062	(152,329)
Total governmental activities capital assets, net	\$ 351,263	\$ 77,586	\$ 0	\$ 428,849

**Business-Type Activities**

	1/1/2009	Increases	Decreases	12/31/2009
<b>Non-depreciable assets:</b>				
Land				0
<b>Depreciable assets:</b>				
Water system	1,481,731	1,230		1,482,961
Vehicles and equipment	23,844			23,844
Tractors and equipment	72,346			72,346
Furniture and office equipment	1,238			1,238
Total other capital assets at historical cost	1,579,159	1,230	0	1,580,389
<b>Less: Accumulated depreciation for -</b>				
Water system	(393,817)	(34,985)		(428,802)
Vehicles and equipment	(23,844)			(23,844)
Tractors and equipment	(53,860)	(5,755)		(59,615)
Furniture and office equipment	(1,076)	(126)		(1,202)
Total accumulated depreciation	(472,597)	(40,866)	0	(513,463)
Total business-type activities capital assets, net	\$ 1,106,562	\$ (39,636)	\$ 0	\$ 1,066,926

**TOWN OF FORDOCHE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2009

**NOTE 3: CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/activities of the Town as follows:

<b>Governmental Activities:</b>	
General government	\$ 3,929
Police	4,263
Emergency preparedness	168
Streets	7,199
Community center and recreation	10,846
Total depreciation expense-governmental activities	<u>\$ 26,405</u>
<b>Business-type Activities:</b>	
General and administrative	\$ 2,577
Water	38,289
Total depreciation expense-business-type activities	<u>\$ 40,866</u>

**NOTE 4 - LEVIED TAXES**

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of "use" value; and all other property is to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property every four years.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of property taxes levied by the Town. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If the taxes are not paid by the due date of December 31, the taxes bear interest at 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are collected from November to February by the Sheriff. Any amounts not collected at December 31 are shown as accounts receivable.

TOWN OF FORDOCHE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

**NOTE 4 - LEVIED TAXES (Continued)**

The following is a summary of authorized and levied ad valorem taxes for the year 2009:

<u>Fund</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Fund	7.00	5.44	Indefinite
General Fund	6.52	6.10	12/31/2009

The difference between authorized and levied millages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

**NOTE 5 - SALES TAX AND CENTRALIZED COLLECTION AGENCY AGREEMENT**

In accordance with Paragraph (8)(1) of Section 3 of Article VII of the Constitution of the State of Louisiana, the Town entered into an agreement on May 20, 1992 with all of the sales and use taxing authorities of the Parish of Pointe Coupee designating the Sales Tax Department of the Pointe Coupee Parish Police Jury as the single tax collection entity. The agreement is effective as of July 1, 1992. The agreement authorizes the Town to compensate the collection agency 1.5% of the gross amounts collected.

**NOTE 6 - FRANCHISE AGREEMENTS**

The Town has granted three franchises:

**Cable Television**

A non-exclusive cable television franchise was granted to Spillway Cablevision, Inc. on November 14, 1995, for a period of 15 years. The annual franchise fee for this franchise shall be 3% of the annual gross subscriber revenues.

**Telephone**

On January 15, 1998, the Town renewed a non-exclusive telephone franchise with Star Telephone Company, Inc. for a period of twenty-five years, ending on December 31, 2022. The franchise fee is 2% of the Company's gross receipts payable quarterly.

**Electric**

On February 10, 1994, the Town granted a non-exclusive franchise to Pointe Coupee Electric Membership Corporation (a non-profit corporation) to supply electric energy to the Town and the inhabitants thereof for a period of 20 years. In consideration, the Town shall receive a fee of \$.0025 per kilowatt-hour for each kilowatt-hour sold within the corporate limits of the Town. In addition, the Town is provided street lighting in the corporate limits of the Town existing on the date of the franchise at no charge. Any additional street lighting needed after the franchise date will be furnished under the applicable rate.

TOWN OF FORDOCHE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

**NOTE 7 - PENSION PLAN AND RETIREMENT COMMITMENTS**

**Social Security and Medicare -**

All employees of the Town are members of the Federal Social Security and Medicare System. The total payroll for employees of the Town covered by the System for the year ended December 31, 2009, was \$104,516.

The total contribution to the System is 15.3% of taxable payroll of which the Town and employees contribute 7.65% each. For the year ended December 31, 2009, the Town contributed \$7,995 to the System.

**Municipal Employees' Retirement System of Louisiana (System) -**

Plan Description: The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Some employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy: Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary, and the Town of Fordoche is required to contribute at an actuarially determined rate. The rate was 6.75% of annual covered payroll. The contribution requirements of plan members and the Town of Fordoche are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Fordoche contributions to the System under Plan B for the years ending December 31, 2009, and 2008, were \$3,754 and \$3,918, respectively, equal to the required contributions for each year.

**NOTE 8 - CONTINGENT LIABILITIES**

There is no pending litigation against the Town.

TOWN OF FORDOCHE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

**NOTE 9 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, health of and/or injury to employees, natural disasters, and owners and contractors protective liability.

The Town is currently a member in Louisiana Municipal Risk Management Agency (LMRMA), formed under Louisiana Act No. 462 of 1979 to provide a program of workers' compensation, accident and health, and public liability coverage for its member organizations. In accordance with Revised Statute 33:1341-1350, all local government subdivisions in the State of Louisiana are eligible to participate. The LMRMA Public liability Fund's general objectives are to formulate, develop, and administer, on behalf of the member local governmental subdivisions, a program of interlocal risk management, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Local governmental subdivisions joining the Fund must be members of the Louisiana Municipal Association; a member may withdraw from the Fund by giving proper notice. Fund underwriting and rate-setting policies have been established by the Board of the Fund after consultation with actuaries. If the assets of the Fund were to be exhausted, members would only be responsible to their respective outstanding claims. The Town participates in the workers' compensation and public liability programs.

The Town purchases commercial insurance for all other risks of loss. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in coverage from amounts held in prior year.

The Town has contracted with Louisiana Municipal Risk Management Agency to provide liability coverage for general acts, law enforcement, and public officials' errors and omissions. In addition, the Town has contracted with a commercial insurance company to provide liability coverage on vehicles. At December 31, 2009 no significant claims were owed and no liability has been recorded.

**NOTE 10 - SUBSEQUENT EVENTS**

Management for the Town of Fordoche has evaluated events or transactions occurring after the balance sheet date through October 1, 2010.

**NOTE 11- COMPENSATION PAID TO BOARD MEMBERS**

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the mayor and board members is as follows:

Mayor:	Justin K. Cox	\$ 6,000
Council Members:		
	Teddy Gros	700
	Corey Gueho	550
	Don Sonnier	400
	Randy St. Romain	600
	Scott Wright	450
		<u>\$ 8,700</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

The following Budgetary Comparison Schedule - General Fund is required by GASB 34. The schedule presents the original adopted budget and final budget for the fiscal year and compares the final budget to actual operations of the Town.

State Law requires the Town to amend its budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the year ended December 31, 2009, actual revenues were 100.28% and actual expenditures were 100.93% of the final adopted budget.

**TOWN OF FORDOCHE, LOUISIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance with Original Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 77,085	\$ 87,750	\$ 88,895	\$ 1,145
Intergovernmental	12,000	146,062	142,073	(3,989)
Charges for services	3,785	5,490	30,832	25,342
Fines and forfeitures	11,500	11,400	11,081	(319)
Licenses and permits	17,500	18,574	18,574	0
Investment income	400	390	388	(2)
Miscellaneous	3,225	24,897	3,554	(21,343)
Total Revenues	125,495	294,563	295,397	834
<b>EXPENDITURES</b>				
Current:				
General government	50,482	84,083	87,374	(3,291)
Police	32,000	39,678	38,368	1,310
Emergency preparedness	500	0	0	0
Streets and drainage	15,900	31,208	31,950	(742)
Health and welfare	0	614	464	150
Community center and recreation	8,100	8,917	8,846	71
Capital outlays:				
General government	0	12,294	12,294	0
Police	0	28,288	28,288	0
Emergency preparedness	0	2,032	2,032	0
Streets and drainage	0	25,563	25,563	0
Community center and recreation	0	35,815	35,815	0
Total Expenditures	106,982	268,492	270,994	(2,502)
Net Change in Fund Balances	18,513	26,071	24,403	(1,668)
Transfer to Water System	(17,500)	0	0	0
Fund Balances - Beginning	0	48,338	48,338	0
Fund Balances - Ending	\$ 1,013	\$ 74,409	\$ 72,741	\$ (1,668)



**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

A report on internal controls over financial reporting and on compliance with laws and regulations as required by Government Auditing Standards, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.

**THOMAS, WILSON, RAGUSA, UFFMAN & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Justin K. Cox  
and Members of the Town Council  
Town of Fordoche, Louisiana

We have audited the financial statements of the governmental activities and business-type activities of the Town of Fordoche, Louisiana, as of and for the year ended December 31, 2009, which collectively comprise the Town of Fordoche, Louisiana's basic financial statements and have issued our report thereon dated October 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Fordoche, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that would be considered to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs 2009-1. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Fordoche, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2009-1.

The Town of Fordoche, Louisiana's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit The Town of Fordoche, Louisiana's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information of management, the Town Council, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Thomas, Wilson, Ragusa, Uffman & Co. CPAs*

October 1, 2010

**TOWN OF FORDOCHE, LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Section A - Summary of Auditor's Reports**

The auditor's report expresses an unqualified opinion on the financial statements of the Town of Fordoche.

One instance of noncompliance was disclosed during the audit of the financial statements.

The Town of Fordoche was determined to be a low-risk auditee.

**Section B - Findings - Financial Statements Audit**

2009-1	Delay in Submitting Report to Legislative Auditor
Criteria	Louisiana revised Statutes requires the submission of the annual financial report to be submitted to the Legislative Auditor by June 30th of each year.
Condition	Prior CPA/Auditor was removed from the Legislative Auditor's Approved List of Auditors. A new auditor was not engaged in time to complete the Audit by the June 30th deadline.
Effect	Noncompliance with Louisiana Revised Statute 24:513.
Response	Every effort will be attempted to schedule the audit earlier.

**TOWN OF FORDOCHE, LOUISIANA  
RESOLUTION OF PRIOR YEAR OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

2008- 1      Resolved

2008 – 2      See 2009 – 1 finding

**TOWN OF FORDOCHE, LOUISIANA**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**YEAR ENDED DECEMBER 31, 2009**

Legislative Auditor - State of Louisiana

The Town of Fordoche, Louisiana respectfully submits the following corrective action plan for the year ended December 31, 2009.

Name and address of independent public accounting firm:  
 Thomas, Wilson, Ragusa, Uffman & Co., CPA's  
 527 E. Airport Ave.  
 Baton Rouge, LA 70806

Audit period: January 1, 2009 – December 31, 2009

The finding from the December 31, 2009 schedule of findings is discussed below. The finding is numbered consistently with the number assigned in the schedule.

**FINDING - FINANCIAL STATEMENT AUDIT**

2009-1                      Delay in Submitting Report to Legislative Auditor

Criteria                      Louisiana Revised Statutes requires the submission of the annual financial report to be submitted to the Legislative Auditor by June 30th of each year.

Action Being Taken      We have hired a new audit firm and they have assured us that they have added staff to allow them to complete and submit our 2010 audit timely to the Legislative Auditor to comply with Louisiana Revised Statues.